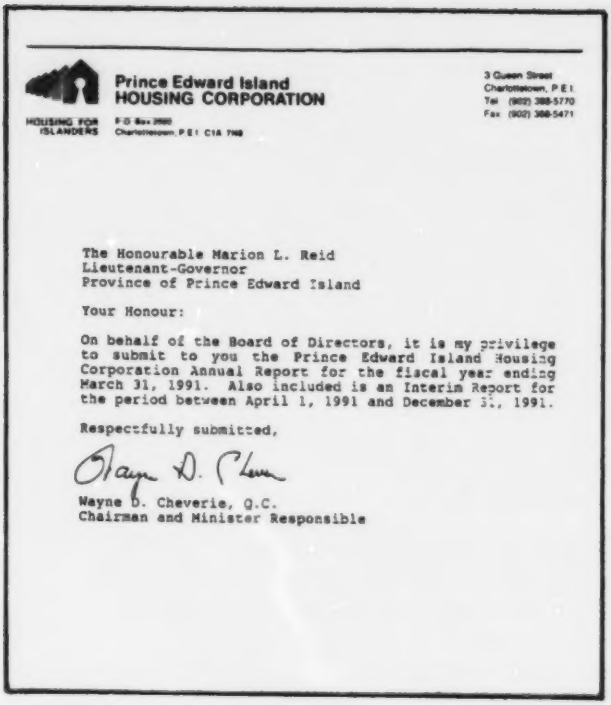
Annual Report 1990 / 1991

with Interim Report to December 1991

Prince Edward Island
Housing Corporation

LETTER OF TRANSMITTAL



Prince Edward Island
HOUSING CORPORATION

HOUSING FOR ISLANDERS

P.O. Box 3000
Charlottetown, P.E.I. C1A 7N8

3 Queen Street
Charlottetown, P.E.I.
Tel (902) 368-5770
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The Honourable Marion L. Reid
Lieutenant-Governor
Province of Prince Edward Island

Your Honour:

On behalf of the Board of Directors, it is my privilege to submit to you the Prince Edward Island Housing Corporation Annual Report for the fiscal year ending March 31, 1991. Also included is an Interim Report for the period between April 1, 1991 and December 31, 1991.

Respectfully submitted,

Wayne D. Cheverie

Wayne D. Cheverie, Q.C.
Chairman and Minister Responsible

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92-05991/

BOARD OF DIRECTORS

As at December 31, 1991

Honourable Wayne D. Cheverie, Q.C., Chairman
Minister Responsible for the
Prince Edward Island Housing Corporation

Robert Carruthers, Vice-Chairman
Alberton

Jack Callaghan, Secretary-Treasurer
Hillsborough Park

Carol Aitken
Souris

Ernest Beck
Alliston

Joan Connell
Charlottetown

Joseph Doran
Foxley River

GENERAL MANAGER'S REVIEW

The world is a rapidly changing place and the message that we so often hear about the 1990s is that we have to change with the times. Whether it be economic competitiveness, technological innovation or environmental sensitivity, it is made clear to us on a daily basis that we have to adapt to survive. So it is with government services.

Looking ahead to the needs of the 1990s, the Provincial Government has undertaken a reform initiative to prepare government to meet increasing needs at a time of tightening budgets. Housing was one of many services to be reviewed and, as with many sectors, changes to the delivery structure were proposed. Effective October 1, 1991, responsibility for the Prince Edward Island Housing Corporation was placed with the Minister of Health and Social Services. A process was begun at that time to develop a complete plan for the integration of housing services and the delivery of other social programs. With many of the housing and social programs being directed to the same client groups, such as seniors and low income households, integration is viewed as a forward step in the promotion of co-ordinated program delivery. More than just the elimination of possible duplication and overhead, integration is aimed at providing a strong client focus that recognizes a diversity of needs among those receiving housing services.

The P.E.I. Housing Corporation has made an extremely important contribution to the well being of Prince Edward Islanders. The changes in housing have been visible and tangible. Simply compare the housing of today to that of the late 1960s. When it was created in 1969, the Prince Edward Island Housing Authority, as it was then known, faced one of the worst housing situations in Canada. One in five Island homes did not have basic plumbing facilities such as hot and cold running water. One in eight homes was overcrowded. Up to half the existing housing stock had deficiencies that jeopardized the safety or health of the occupants. Young households had little chance to get a new home. Housing starts in the 1960s fluctuated between 400 and 600 per year, about half the level needed to meet the needs of the coming decade. The Province had made a tentative start toward senior citizens housing, low rental housing and building co-ops, but housing alternatives for most needy households were almost non-existent. Those with special needs were served only through institutions. It is not all that many years since these conditions existed, yet today it seems like a lifetime away.

In the 23 years since the creation of the Housing Corporation, it has helped to change the face of housing in P.E.I. The Housing Corporation has used federal and provincial funding to put in place over 1,400 rent geared to income housing units for seniors and low income families. It has processed over 20,000 grants for home repairs or upgrading - an amazing figure for a housing stock of our size. Through its homeownership programs, the Housing Corporation provided over 3,000 grants or loans to help modest income Island households acquire a home of their own. The Housing Corporation fostered community development both through the co-ordination of $12 million in nieghbourhood improvement projects and land acquisition and development initiatives that put approximately 700 affordable housing lots on the market. The Housing Corporation played a role in the provision of 334 special purpose beds or housing units. During all this time, it has been a responsible and caring landlord of the largest stock of rental housing in the province.

Today, the needs of the housing market have evolved. Largely, the focus has been shifting from buildings to people. Housing concerns have increasingly become intertwined with issues such as aging in place, family violence, special needs and empowerment of the individual. The province still has very serious housing needs, needs that include the safety of our homes, access to decent and affordable housing and the ability of our housing market to be competitive and provide the options we need. We will need an ongoing commitment to housing, but we will also have to be receptive to new and creative ways to find solutions to housing and social problems.

Change is never easy and I recognize that the past few months have been very trying for Housing Corporation staff as the detailed planning for integration with the Department of Health and Social Services takes place. Through the process, I have been pleased to find a high level of co-operation and an unwavering commitment to quality service to the public. I have every confidence in the future of the staff and great respect for their accomplishments. The staff of the Housing Corporation, both past and present, can be rightfully proud of their achievements in making Prince Edward Island a better place to live for so many Islanders.

Verna Bruce
General Manager

HIGHLIGHTS OF 1990/91

- Home repair grants provided to 441 senior citizen and special need households, including a record 398 approvals under the Emergency Home Repair Program.

- Initiation of the Garden Suite Demonstration Project with commitments for two units.

- Construction started on 46 provincially and federally funded housing units for seniors and families.

- Property management provided for 1,615 social housing units.

- Homeownership programs provided mortgage financing to 77 households.

THE ORGANIZATION

Background

The Prince Edward Island Housing Corporation is a provincial crown corporation whose central objective is to provide low and moderate income Island residents with increased access to adequate and affordable housing. The Province initiated its own housing programs in the early 1960s when boards and agencies were established to undertake Senior Citizens Housing, Co-operative Housing and Family Housing projects. These various agencies were consolidated in 1969 to become the Prince Edward Island Housing Authority. In 1975, the housing legislation was updated and the name of the organization was changed to its current designation, the Prince Edward Island Housing Corporation.

To carry out its mandate in the housing sector, the Corporation has 39 full time staff positions. Responsibilities of the staff include providing property management services for about 1,150 Senior Citizens Housing units, administering more than 400 Family Housing units, delivery of the Corporation's home repair and homeownership programs, managing the development of 40-50 new social housing units annually, and the provision of the full range of planning and financial management services needed to support the program delivery and administration responsibilities.

The Housing Corporation maintains offices in each of the five Regional Services areas. Twenty-six of the Corporation's classified positions are located in the regional offices.

Organizational Structure

The activities of the Housing Corporation are conducted under the guidance of the Board of Directors. The Board is responsible to the Minister designated as responsible for the Prince Edward Island Housing Corporation. It has been traditional that the Minister is also appointed as Chairman of the Board. The chief executive officer is the General Manager. Reporting to the General Manager are the directors of the Corporation's four divisions.

The Field Services Division has the responsibility for the delivery of housing programs and services. It is the Corporation's largest division and it maintains staff in each of the five regional offices. Most of the Corporation's contacts with the general public are through

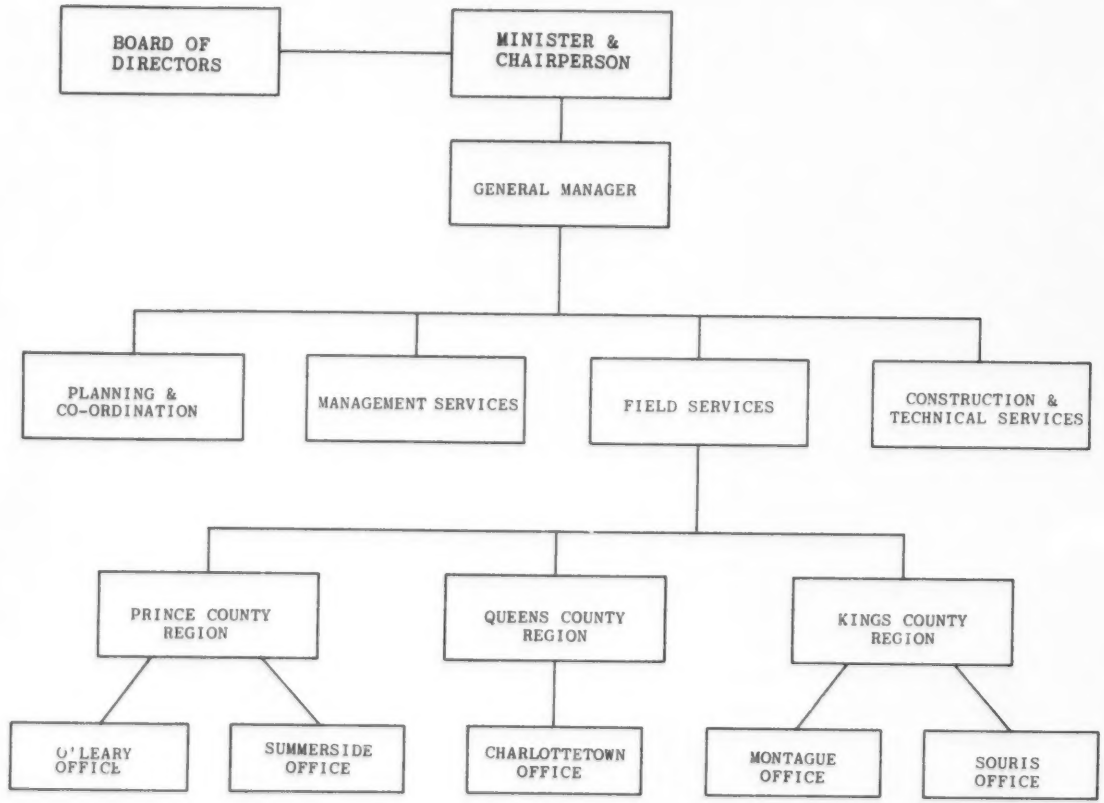
Field Services staff. Tasks regularly performed by Divisional staff members include taking applications and assessing eligibility, performing building inspections, providing orientations for new tenants and preparing leases, providing maintenance services for Corporation properties, reviewing tenant incomes for rent determination, and offering administrative and technical support to the local housing authorities. As well, staff members respond every day to innumerable inquiries from the general public on housing program or general housing matters.

The **Construction and Technical Services Division** is responsible for the development of new Senior Citizens, Family and special purpose housing projects. Its duties include locating and evaluating possible sites for planned projects, acquiring selected sites, preparing project designs and specifications or liaising with private architects for this purpose, managing the public tender process, and supervising the construction of projects. The Division also provides technical advice, when required, to Field Services on major maintenance projects.

The **Management Services Division** is responsible for the financial administration and management systems of the Housing Corporation. In the area of financial operations, the Division is responsible for preparing the Corporation's budget, monitoring spending, cheque disbursements, accounting records and financial control. The Division receives all mortgage and rent payments to the Corporation and administers the collection and arrears procedures. With respect to management systems, the Division is responsible for personnel, office operations including equipment and supplies, operating the Corporation's computer system, activity reporting for programs and reviewing procedures for efficiency.

The **Planning and Co-ordination Division** is responsible for policy development and review and for providing a full range of planning services, including assessment for housing needs, market analysis, program planning and maintenance of statistical records and housing data. The co-ordination functions include working with the other divisions in scheduling program delivery and budget take-up, reviewing program procedures and providing resource assistance, and the responsibility for liaison and negotiations with federal, provincial and municipal agencies. Public information also falls under the mandate of the Division.

ORGANIZATION CHART
PRINCE EDWARD ISLAND HOUSING CORPORATION



PROGRAM ACTIVITIES

EMERGENCY HOME REPAIR PROGRAM

The Emergency Home Repair Program is a provincially funded program providing grant assistance to help eligible applicants make home repairs that are immediately necessary to ensure the physical safety and health of the occupants. The assistance is available to modest income senior citizens, households with a disabled person and households receiving welfare assistance. The grants cover as much as 50% of the emergency repair costs, up to a maximum grant of $1,000, with the actual grant amount depending on the households' income.

Two program amendments which raised the income eligibility for the program helped the Emergency Home Repair Program reach a record number of approvals in 1990/91. The income eligibility limits were increased to include couples with annual incomes of up to $19,500 and individuals with annual incomes up to $15,500. As well, the eligibility of households with a disabled person was changed so that the income of the disabled person, not the total household income, was considered. A total of 398 approvals were made during the year, providing just over $235,000 in grant assistance. The most common type of repairs, involving about one in three houses, was roof repairs. Other common repairs included work to sewage systems and chimneys. The average annual income of the approved applicants was less than $12,000. Approximately two-thirds of the houses were more than 50 years old.

PROVINCIAL CONTRIBUTION TO SENIORS - HOME REPAIR PROGRAM

The Provincial Contribution to Seniors - Home Repair Program serves a two-fold purpose. First, it provides assistance to modest income senior citizen homeowners, households with a disabled occupant and households receiving welfare assistance to make repairs to their homes. Second, it supports local community groups in making effective use of federal job creation programs. The Provincial Contribution to Seniors - Home Repair Program provides up to $1,000 in grant assistance to be applied toward the cost of the materials used in the repairs. With the labour input from the job creation projects, repairs can be made at little or no cost to the assisted household. Homeowners benefit through

having repairs such as the replacement of doors and windows, the installation of insulation, the fixing of stairs, or other jobs requiring basic carpentry skills.

As with the Emergency Home Repair Program, the income eligibility limits were increased to $19,500 for couples and $15,500 for individuals. As well, the regulation covering the eligibility of households with a disabled person was also amended so that only the income of the disabled person, not the total household income, is to be considered.

Activity under the Provincial Contribution to Seniors - Home Repair Program has declined in recent years as the federal labour funding has been modified, and as program activity has served an ever increasing number of eligible households. Nearly 1,400 approvals have been made during the ten year history of the program. The two home repair groups that were active in 1990 combined to make 43 approvals. These groups were active in the Southern Kings and Queens (31 approvals) and Evangeline (12 approvals) regions. The Corporation provided approximately $30,800 in grant assistance for these repairs.

RURAL MORTGAGE LENDING SUPPORT PROGRAM

The Rural Mortgage Lending Support Program is a provincial homeownership initiative designed to improve the access to conventional mortgage financing of homeowners wishing to locate in smaller communities and rural areas. The Program also supports the rural community development efforts of the Province. In co-operation with the Prince Edward Island Credit Union League, the Province provides long-term loan funds to the local credit unions. In turn, the credit unions use the funds to provide rural homeowners with conventional mortgages at fair market rates. Standard lending practices apply to the mortgage loans.

The Province, through the Prince Edward Island Housing Corporation, provided $2,500,000 to the local credit unions in 1990/91, which contributed to 75 mortgage approvals. The mortgage funds provided under the program are directed toward the construction or purchase of modest homes. In step with rising house prices, the $75,000 limit on construction cost or house price was raised to $82,500 in 1990. Still, the majority of houses acquired through the rural mortgage loans were priced at under $50,000. Just over half of the mortgages were for the purchase of existing homes (40) while 35 mortgages were provided

for new homes. Of the newly constructed homes, 28 were self-built, indicative of the importance of this approach to homeownership in rural P.E.I.

SECOND MORTGAGE LOAN PROGRAM

The Second Mortgage Loan Program is intended to ensure that adequate mortgage financing is available to homeowners throughout the Province. In most cases, a first mortgage from a lender is sufficient to provide the financing necessary to purchase or build a home. There may be occasions, however, when additional financing is required. To remove this barrier to homeownership, the P.E.I. Housing Corporation will provide a repayable second mortgage loan of up to $15,000 to borrowers who meet eligibility requirements. These include making a downpayment or equity contribution of at least 10% of the purchase price or construction cost, having a good credit rating and being able to afford the first and second mortgage loan payments as determined by standard lending practices. The interest rate on the second mortgage loan is set slightly higher than prevailing first mortgage loan rates. The maximum house price or construction cost in 1990 was $86,000.

There were two second mortgage loans approved by the Prince Edward Island Housing Corporation in 1990/91. A total of $22,000 in mortgage financing was provided.

SENIOR CITIZENS HOUSING

Senior Citizens Housing provides self-contained apartment units for the elderly in communities throughout Prince Edward Island. Tenants for projects are selected based on their need for housing assistance and their rents are based on a rent-to-income scale. New housing projects are added to the portfolio each year and operating losses are funded by the Provincial and Federal governments.

Two Senior Citizens Housing projects were completed in 1990/91. A 39 unit, provincially funded, building was completed in Charlottetown and a six unit, federally funded, home was completed in Souris. Commitments were also made for two new eight unit projects to be undertaken in Montague (federally funded) and Souris (provincially funded).

Senior Citizens Housing Administered by the P.E.I. Housing Corporation Units by Community - March 1991

Abrams Village	6	Murray River	6
Alberton	16	New London	8
Bedeque	6	O'Leary	24
Belfast	6	Parkdale	40
Borden	22	Rollo Bay	14
Cardigan	4	Rustico North	6
Charlottetown	400	Rustico South	4
Cornwall	14	Sherwood	36
Crapaud	15	Souris	73
Georgetown	16	St. Charles	4
Hunter River	14	St. Louis	4
Kelly's Cross	6	St. Peters	9
Kensington	50	Summerside	152
Kinkora	12	Tignish	14
Miscouche	18	Tracadie Cross	4
Mont Carmel	6	Tyne Valley	11
Montague	70	Vernon River	5
Morell	12	Wellington	22
Mt. Stewart	6	Wilmot	6
Murray Harbour	6		

Once projects have been completed, they become part of the portfolio that is managed and administered by the P.E.I. Housing Corporation. The portfolio stood at 1,147 units in 39 different communities as at March 31, 1991, and the locations of these units are shown in the preceding table. The property management of Senior Citizens Housing units provides a substantial economic boost at the local community level. When all maintenance, operating and building subsidy costs are taken into account, approximately $3.0 million per year is spent in association with this housing stock, much of it at the local level.

GARDEN SUITE

More and more, it is being recognized that senior citizens are a diverse group who require a range of options to meet their housing needs. One very flexible option, ideal for seniors who want to live close to family or friends, is the garden suite. A garden suite is a fully

self-contained, one-bedroom, single unit intended to accommodate an individual senior or couple. It is located in the yard of a host family and designed and built to be easily portable so that when it is no longer required by the original tenant, it can be relocated to another site for a new senior. Rent for a garden suite is based on the tenant's income.

The Prince Edward Island Housing Corporation embarked on a demonstration project in 1990/91 to deliver two garden suites. One unit, which was federally funded, was set up in the community of Pleasant Valley. Approval was also received to proceed with a provincially funded garden suite in the Southern Kings and Queens region.

FAMILY HOUSING

The Family Housing Program provides rent geared-to-income housing for families who cannot afford adequate accommodation in the private market. The demand for additional units has grown steadily in recent years and both federal and provincial programs have been utilized to construct additional units.

Family Housing projects were completed in Charlottetown and Souris in 1990/91. As has been the practice for several years, new projects have been spread to different locations in communities so as to avoid a concentration in any one neighbourhood. In Charlottetown, 18 federally funded units were completed on several different sites while a site shared with senior citizens housing was used for four federally funded units in Souris. These completions brought the total number of units under the program to 381. Commitments were also approved for the construction of 20 federally funded and eight provincially funded units with units in Charlottetown (6), Hillsborough Park (6), Montague (8), Souris (4) and Tignish (4).

Once the projects are constructed they are administered by local Housing Authorities. There are nine Housing Authorities in the Province, each responsible for tenant selections and operational management of the projects in their communities. The directors of the authority boards are local residents who serve without remuneration. The P.E.I. Housing Corporation is responsible for liaison with the Authorities and provides advisory assistance. The housing authorities and the number of units they administered in 1990/91 are listed in the following table.

Family Housing Administered by Housing Authorities
Units by Authority Board - March 1991

Alberton	22	O'Leary	23
Charlottetown Area	131	Souris	28
Georgetown	25	Summerside	94
Montague	40	Tignish	12
Mount Stewart	6		

SPECIAL PURPOSE HOUSING

Over the past several years, the P.E.I. Housing Corporation has been playing an increasingly important role in the Province's efforts to improve the long term care facilities for elderly residents and other special needs clients. The Housing Corporation has co-ordinated the development and arranged federal or provincial assistance for these projects. The Corporation's involvement has included project planning and design, securing the mortgage financing and holding ownership of the properties. The Department of Health and Social Services identifies special purpose housing needs and manages projects following their completion.

There were no new special purpose housing projects undertaken in 1990/91.

SOCIAL HOUSING

No new units have been added to the Social Housing Program portfolio since the early 1970s. Originally, 83 units were purchased and renovated by the Housing Corporation with long-term loan funds from Canada Mortgage and Housing Corporation. These units were made available to low and moderate income families on a rental or lease-purchase basis. For the past several years, the Corporation has been selling its Social Housing Program units, where possible, to the occupants. However, 38 units remain under administration.

RURAL AND NATIVE HOUSING

As with the Social Housing Program, no new units have been added to the Rural and Native Housing portfolio since the mid-1970s. The 36 units which the Corporation continues to administer provide

payment geared to income housing for low and moderate income families. Operating losses are cost-shared between the federal and provincial governments.

RURAL COMMUNITY HOUSING

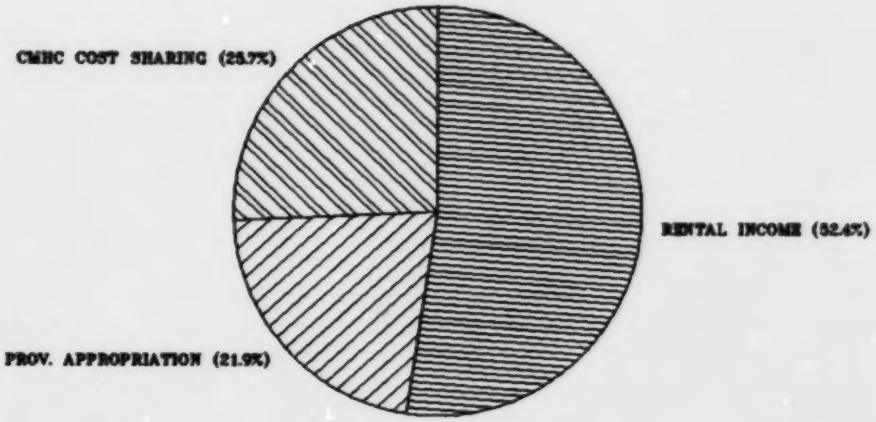
The Rural Community Housing Program was introduced in 1985/86 to provide affordable rental housing in smaller centres. Thirteen units were developed at that time and these units continue to be administered by the Housing Corporation. No new units are being added to the Program portfolio.

HELPING HANDS FOR SENIORS

During its ninth summer of operation in 1990, the Helping Hands for Senior Project continued to offer a popular service to senior citizen homeowners and to provide useful employment to students. A total of 175 seniors located in 70 different communities took advantage of the free labour to have work such as painting, yard clean-ups, stacking woodpiles and minor maintenance performed at their homes. Nineteen students, employed through the Provincial Jobs for Youth Program, were made available to the Housing Corporation to carry out this work.

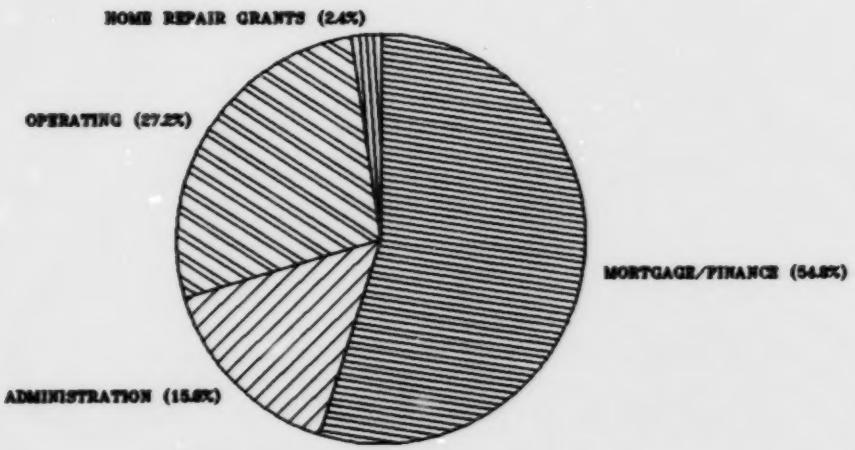
CORPORATE REVENUE 1990/91

$ 11,328,300



CORPORATE EXPENDITURES 1990/91

$ 11,328,300



Program Activities in 1990/91

Program	Units/ Approvals	Expenditures/ Comments
Home Repair Program		
Emergency Home Repair	398	$ 235,485/grants
Provincial Contribution to Seniors	43	$ 30,800/grants
Home Ownership Programs		
Rural Mortgage Support	75	$2,500,000/loans
Second Mortgage Loans	2	$ 22,000/loans
Rental Construction		
Senior Citizens Housing	16	$ 935,000/constr.
Garden Suites	2	$ 85,000/constr.
Family Housing	28	$1,775,000/constr.
Portfolio Administration		
Senior Citizens Housing	1,147	maint. & admin.
Family Housing	381	maint/admin assist
Social Housing	38	maint. & admin.
Rural & Native	36	maint. & admin.
Rural Community	13	maint. & admin.
Mortgage Administration		
Mortgages Administered	250	$3,400,000 mortgage value

INTERIM REPORT (April - December 1991)

The Period in Review

As with many economic sectors, 1991 was a difficult period for the residential construction industry. Housing starts in P.E.I. fell from 762 in 1990 to 553 in 1991, a 27% decrease. Net out-migration from the province resulted in a reduced demand for new housing, particularly rental housing in the Charlottetown area. Construction in the two urban centres of Charlottetown and Summerside was down by 36%. The small towns and rural areas were more stable, but they too experienced a decline in new housing construction.

Along with those involved in the construction of housing, consumers of housing also experienced trying circumstances in 1991. The waiting list for Family Housing, for instance, grew by 15% as it became increasingly difficult for many households to afford adequate housing. Although interest rates were down, many consumers were unable or reluctant to invest in new housing or major home repairs. The introduction of the Goods and Services Tax may also have served to discourage spending within the housing sector.

While 1991 was generally a difficult year for housing, there were some positive signs. The delivery of social housing units by the provincial and federal governments continued at a very impressive level for a province the size of P.E.I. The P.E.I. Housing Corporation proceeded toward the delivery of 46 family and senior citizens housing units approved for 1991/92, and the Canada Mortgage and Housing Corporation was in the process of delivering an additional 103 units, primarily through non-profit and co-operative housing organizations.

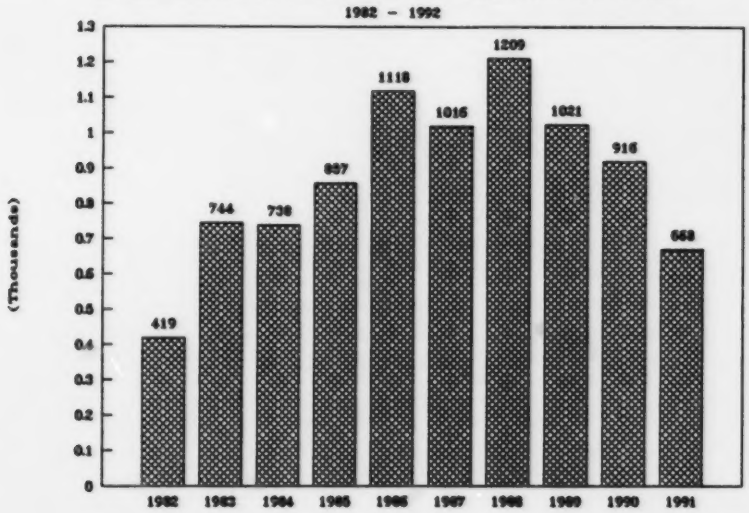
The Summerside housing market showed an amazing resilience. Even as the bulk of positions at CFB Summerside moved toward transfer or termination, the creation of offset employment and the maintenance of confidence in the community enabled the rental and real estate markets to remain stable. Rather than the feared surplus of vacant rental housing, for instance, Summerside had lower vacancy rates in 1991 than in most past years.

The P.E.I. Housing Corporation had the privilege of hosting the 1991 meeting of Canadian housing ministers. Response from this meeting indicated that it was both productive and enjoyable.

During the year, the Housing Corporation carried out a full review of its maintenance procedures and developed a new comprehensive procedures manual for the more than 1,200 social housing units under its direct management.

As the Province prepared to meet the challenges of the 1990s, it embarked on a reform initiative to adapt its organization structure to provide needed services in a cost efficient manner. Effective October 1, 1991, the Minister of Health and Social Services took over responsibility for housing programs and for initiating a process that will integrate the P.E.I. Housing Corporation with the Department of Health and Social Services. Work toward the integration was well underway by the end of 1991.

RESIDENTIAL BUILDING PERMITS IN P.E.I.



Emergency Home Repair Program

As of December 31, 1991, approvals had been issued for 278 grants under the program for the 1991/92 fiscal year. The assistance provided through these approvals amounted to $149,000.

Provincial Contribution to Seniors - Home Repair Program

Only one home repair group, in Southern Kings and Queens, was active in 1991. During its spring and fall phases, this group worked on 29 homes, receiving $15,735 in grant assistance from the P.E.I. Housing Corporation for the home repairs.

Rural Mortgage Lending Support Program

As with recent years, the Province advanced a total of $2.5 million in long term loan funds to the P.E.I. Credit Unions for the 1991/92 fiscal year. In turn, Credit Union offices used these funds to make 81 mortgage loans possible in 1991.

Second Mortgage Loan Program

Three mortgage loans, for a combined total of $19,750, were approved by the P.E.I. Housing Corporation in the April-December period.

Senior Citizens Housing Program

Eight unit senior citizens homes were completed in both Montague and Souris. Planning was proceeding at year end toward the tendering of a 14 unit project in Montague.

Family Housing Program

A total of 29 Family Housing units were added to the Corporation's portfolio in 1991 as work was completed on 12 units in the Charlottetown area, eight units in Montague, four units in Souris and four units in Tignish. The Charlottetown Area Housing Authority also accepted the transfer of an existing housing unit.

Approvals were received by the Housing Corporation for the construction of 26 units consisting of 14 units in the Charlottetown area, 10 units in Montague and four units in Souris. As well, the first Rent Supplement units to be delivered by the P.E.I. Housing Corporation were approved with six units to be designated for Summerside.

Helping Hands for Seniors

The 1991 summer project assisted 184 senior citizen households.

FINANCIAL STATEMENTS

AUDITOR GENERAL

CHARLOTTETOWN

PRINCE EDWARD ISLAND

AUDITOR'S REPORT

To the Board of Directors of the
Prince Edward Island Housing Corporation

I have examined the balance sheet of the Prince Edward Island Housing Corporation as at March 31, 1991 and the statement of revenue and expenses for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1991 and the results of its operations for the year then ended in accordance with the basis of accounting disclosed in Note 1 to the financial statements.

J. Wayne Murphy, C.A.
Auditor General

Charlottetown, Prince Edward Island
June 19, 1991

PRINCE EDWARD ISLAND HOUSING CORPORATION
BALANCE SHEET
AS AT MARCH 31, 1991
(with comparative figures at March 31, 1990)

ASSETS

	1991	1990
Current Assets		
Cash	$ 289,700	$ 424,900
Accounts Receivable	824,800	592,600
Deposit Receipts - Note 1(a)	345,200	308,600
	1,459,700	1,326,100
Notes Receivable - Note 2	11,538,300	8,916,500
Mortgages Receivable	3,360,000	3,623,200
Investment in Properties		
Agreements of Sale - Note 3	373,200	407,100
Land for Resale or Development - Note 4	721,000	806,100
Federal-Provincial Projects - Note 5	6,441,400	6,454,800
Rental Housing Projects - Note 6	44,473,800	40,719,100
	52,009,400	48,387,100
Other Assets - Note 7	25,300	60,300
TOTAL ASSETS	$68,392,700	$62,313,200

LIABILITIES AND EQUITY

	1991	1990
Current Liabilities		
Bank Indebtedness	$ 85,700	$ 116,500
Accounts Payable and Accrued Liabilities	3,213,700	2,764,200
	3,299,400	2,880,700
Long Term Liabilities		
CMHC - Note 8	11,335,600	11,840,200
Province of P.E.I. - Note 9	23,866,300	19,494,900
Other - Note 13	25,009,600	23,169,000
	60,211,500	54,504,100
Reserves		
Co-operative and Social Housing - Note 1(a)	153,800	142,800
Replacement Reserve - Note 1(a)	37,800	155,000
	191,600	297,800
Equity contributed by the Province of P.E.I.- Note 10	4,690,200	4,630,600
TOTAL LIABILITIES AND EQUITY	$68,392,700	$62,313,200

(The accompanying notes are an integral part of these financial statements)

ON BEHALF OF THE BOARD: DIRECTOR: Joan Cornell

DIRECTOR: Lloyd Rich

PRINCE EDWARD ISLAND HOUSING CORPORATION
STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED MARCH 31, 1991
(with comparative figures for the year ended March 31, 1990)

	1991	1990
Revenue		
Appropriations from the Province of P.E.I.	$ 2,480,000	$ 2,381,600
CMHC operating cost recoveries	2,907,000	2,697,200
Administration fees	37,700	33,500
Rental income	4,149,900	4,010,100
Interest income	1,600,900	1,319,100
Sundry	152,800	94,300
Total Revenue	11,328,300	10,535,800
Expenses		
Administration		
Salaries	1,263,500	1,277,000
Office and Administration	347,300	339,900
Depreciation and Amortization	154,500	114,500
	1,765,300	1,731,400
Senior Citizens Housing - Operations		
Repairs and Maintenance	1,661,400	1,553,200
Fuel, Utilities, and Property taxes	1,333,500	1,105,200
Depreciation and Amortization	90,400	82,100
	3,085,300	2,740,500
Interest	6,202,500	5,824,500
Grants issued	275,200	239,400
Total Expenses	11,328,300	10,535,800
Net Result	$ -	$ -

(The accompanying notes are an integral part of these financial statements)

PRINCE EDWARD ISLAND HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991

1. Significant Accounting Policies:

(a) Trust Reserves are set aside for contingencies in co-operative and social housing and are offset by investments in deposit receipts with the Province of P.E.I.

Replacement reserves are in place on certain rental properties as required by agreements with C.M.H.C. and those funds are also invested in deposit receipts with the Province of P.E.I.

(b) Depreciation on rental properties is equal to the principal reduction in the corresponding long term indebtedness.

Depreciation is recorded at 10 percent per annum on the Corporation's cost of emergency power generators at its senior citizens homes, which is included with other assets.

(c) Federal-Provincial project costs are amortized over the life of the Federal-Provincial agreement. Accumulated amortization represents principal reductions to date on the original investment of the Province of P.E.I.

(d) Long term liabilities include the current portions of the long term debt.

2. Notes receivable are comprised of long term loan funds provided by the Corporation for use by the P.E.I. Credit Union League and local credit unions in providing real property mortgages in rural areas of the Province. The loans are secured by an assignment of book debts and postponement agreements on the mortgage assets of the League and the individual credit unions.

	1991	1990
Notes Receivable	$10,605,300	$8,269,200
Accrued Interest	933,000	647,300
	$11,538,300	$8,916,500

3. Investment in properties under agreements of sale are recorded at cost less tenants' equity.

	1991	1990
Cost	$ 577,900	$ 590,600
Tenants' Equity	(204,700)	(183,500)
	$ 373,200	$ 407,100

4. Investment in land for resale or development consists of the following:

	1991	1990
Hillsborough Development		
Developed - at 1983 appraised values	$195,500	$309,100
Undeveloped - at 1986 appraised values	342,100	342,100
Other undeveloped land	183,400	154,900
	$721,000	$ 806,100

5. Investments in Federal-Provincial projects are recorded at the Housing Corporation's cost less accumulated amortization and consists of the following:

	1991	1990
Family Housing	$2,248,600	$2,248,600
Senior Citizens Housing	3,930,400	3,930,400
Rural and Native Housing	350,100	350,100
Sub-totals	6,529,100	6,529,100
Less: Accumulated Amortization	(87,700)	(74,300)
	$6,441,400	$6,454,800

6. Rental Housing properties are recorded at cost less accumulated amortization and consist of the following:

	1991	1990
Family Housing	$ 7,295,800	$ 5,955,600
Senior Citizens Homes	17,419,300	14,777,300
Homes for Special Care	21,131,500	21,121,400
Social Housing	17,900	30,700
Sub-total	45,864,500	41,885,000
Less: Accumulated Amortization	(1,390,700)	(1,165,900)
	$44,473,800	$40,719,100

During the year the following interest costs were capitalized on construction projects.

Family Housing	$ 48,000
Senior Citizens Homes	121,000
	$169,000

7. Other Assets

	1991	1990
Emergency Power Generators - Note 1(b)	$121,700	$121,700
Stores Inventory	900	8,100
Repossessed Properties	-	15,700
	122,600	145,500
Less: Accumulated Depreciation	(97,300)	(85,200)
	$ 25,300	$ 60,300

8. Loans payable to Canada Mortgage and Housing Corporation consist of the following:

	1991	1990
Mortgages Payable	$ 3,939,200	$ 3,997,600
Debentures Payable	5,248,300	5,480,600
Loans Payable	2,148,100	2,362,000
	$11,335,600	$11,840,200

The above amounts include more than 100 individual balances at varying interest rates and maturity dates.

9. Long term liabilities to the Province are made up of approximately 100 loans having varying interest rates and maturity dates.

10. Equity Contributed by the Province of P.E.I.

Beginning balance - April 1, 1990		$4,630,600
Additions for the year - Manors		65,000
Deductions for the year - Senior Citizens Housing	$2,200	
- Family Housing	3,200	(5,400)
Ending balance - March 31, 1991		$4,690,200

11. Reclassification

Some of the comparative expenses for 1990 have been reclassified to conform with the financial statement presentation for the current year.

12. Employee Benefits

Employees of the Prince Edward Island Housing Corporation are entitled to pension benefits under the terms of their employment. The employer's share of the benefits plus any additional future actuarial liabilities are assumed by the province of P.E.I. and are not reflected in the financial statements.

13. Other long term liabilities consist of the following:

Mortgage obligations:

Description	Interest Rate	Maturity Date	Amount Outstanding 1991	1990
Homes for Special Care:				
CIBC (Riverside Home)	11.56%	Oct. 1995	$4,304,100	$4,318,800
Cooperative Trust (Wedgewood H.)	10.35%	Nov. 1994	4,075,600	4,098,800
Cooperative Trust (Beach Grove)	12.625%	Sept. 1991	7,223,800	7,243,900
Group Home Rental Units:				
Royal Bank (Inkerman Blvd.)	11.75%	Jan. 1993	57,400	58,300
Royal Bank (Southport)	11.50%	Sept. 1992	56,600	57,100
Royal Bank (Woodward Dr.)	11.50%	Dec. 1991	73,900	74,500
Metropolitan Trust (Sherwood)	11.22%	June 1994	113,400	113,700
Senior Citizens Housing:				
Co-operative Trust (Ch'town)	11.237%	Dec. 1992	1,752,800	1,758,600
Co-operative Trust (Montague)	10.987%	Sept. 1992	325,000	326,200
Co-operative Trust (Souris)	10.987%	July 1992	240,500	241,400
Metropolitan Trust (S'side)	10.79%	Nov. 1993	830,100	832,800
Metropolitan Trust (St. Louis)	10.64%	July 1993	213,800	214,800
Maritime Life (Souris)	12.32%	Nov. 1995	373,900	-
Family Housing:				
Co-operative Trust (Ch'town)	11.237%	Dec. 1992	429,600	431,000
Co-operative Trust (Hillsborough Park 1)	10.737%	July 1992	201,700	202,500
Co-operative Trust (Hillsborough Park 2)	11.237%	Oct. 1992	221,000	221,700
Co-operative Trust (Souris 1)	11.237%	Feb. 1993	215,400	216,100
Co-operative Trust (Souris 2)	11.237%	Feb. 1993	121,200	121,600
Co-operative Trust (S'side)	10.987%	Sept. 1992	336,600	337,800
Metropolitan Trust (S'side)	11.40%	Sept. 1993	460,700	462,000
Metropolitan Trust (Montague)	11.40%	Sept. 1993	381,000	382,200
Metropolitan Trust (Ch'town)	11.23%	Oct. 1993	397,700	398,900
Metropolitan Trust (Ch'town)	10.80%	July 1994	291,600	292,500
Metropolitan Trust (Ch'town)	11.31%	Oct. 1994	295,000	295,800
Metropolitan Trust (S'side)	11.22%	June 1994	466,700	468,000
Maritime Life (Ch'town)	13.09%	April 1995	249,500	
Maritime Life (Ch'town)	13.75%	May 1995	225,100	
Maritime Life (Ch'town)	13.75%	May 1995	146,900	
Maritime Life (Ch'town)	13.75%	May 1995	147,900	
Maritime Life (Ch'town)	12.32%	Nov. 1995	391,500	
Maritime Life (Souris)	12.32%	Nov. 1995	260,000	
Royal Bank (Ch'town)	11.844%	March 1996	129,600	
			$25,009,600	$23,169,000

These mortgages are secured by land and buildings.